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Text:

UNCLAS SENSITIVE SECSTATE 152799

SIPDIS

CX:

ACTION: ECON

INFO: FCS POL DCM AMB CONS PA RAO FAS MGT PMA

DISSEMINATION: ECON /1

CHARGE: PROG

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TO RUEHAK/AMEMBASSY ANKARA IMMEDIATE 1916

RUEHBR/AMEMBASSY BRASILIA IMMEDIATE 6157

RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 9448

RUEHCP/AMEMBASSY COPENHAGEN IMMEDIATE 7544

RUEHME/AMEMBASSY MEXICO IMMEDIATE 8653

RUEHOT/AMEMBASSY OTTAWA IMMEDIATE 8399

RUEHSG/AMEMBASSY SANTIAGO IMMEDIATE 7482

RUEHUL/AMEMBASSY SEOUL IMMEDIATE 5298

RUEHKO/AMEMBASSY TOKYO IMMEDIATE 1376

RUEHWR/AMEMBASSY WARSAW IMMEDIATE 9260

RUEHWL/AMEMBASSY WELLINGTON IMMEDIATE 4525

INFO RUEHRL/AMEMBASSY BERLIN PRIORITY 0481

RUEHLO/AMEMBASSY LONDON PRIORITY 3056

RUEHFR/AMEMBASSY PARIS PRIORITY 5529

UNCLAS SECTION 01 OF 03 STATE 152799

SIPDIS

SENSITIVE

USOEC - CHARLES RANDOLPH

PAUL REID

CURTIS STONE

USOAS FOR BOB MANZANARES

E.O. 12958: N/A

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SUBJECT: STEERING GROUP NON-PAPER FOR THE PARTNERSHIP FOR  
DEMOCRATIC GOVERNANCE (PDG)

REF: A. STATE 106990

[1](#)B. STATE 108794

[1](#)C. STATE 115400

[1](#)1. (SBU) This is an action request; please see para 5.

[1](#)2. (SBU) Background: The Partnership for Democratic Governance was successfully rolled out at a well-attended high level event co-hosted by OECD and UNDP in New York on October 1, 2007. The Department appreciates Posts' support and efforts which made the launch of the PDG a great success. The current founding members of the PDG are: Australia, Brazil, Canada, Chile, Denmark, Japan, Korea, Mexico, New Zealand, Poland, Turkey, the U.S., OECD, UNDP, OAS and the Inter-American Development Bank. The U.S. and other founding members must now turn our attention to effectively implementing this new multilateral initiative at OECD. Founding members will meet in Paris on November 12 to have an informal discussion on PDG implementation and to prepare for the first meeting of the PDG's Steering Group tentatively scheduled for January 28-29, 2008. The UK and possibly France will participate in these discussions as observers but have not yet joined the PDG. Paris, London and Berlin are slugged for information only.

13. (SBU) Action Request: Drawing on REFTELS and key PDG material at [www.oecd.org/pdg](http://www.oecd.org/pdg), Department requests action posts to convey points contained in paras 4 and 5 and deliver the non-paper in para 6 on outstanding governance issues of the PDG to host governments. Embassy should ask for initial comments on the draft non-paper by COB November 15 and inform host government that the U.S. hopes to discuss issues in the non-paper with delegations at the November 12 meeting in Paris. We view this as a working document and welcome comments and input from other partners as we move forward.

14. (SBU) Pilot Assessments: Department requests that Posts inform other partners that the U.S. has begun to seek input and assessments from our own embassies and USAID missions on potential PDG pilot programs in Africa, Asia and Latin America. Given the relatively short initial period for the PDG Advisory Unit of three years, we think it is important to feed as much information to the new unit as possible and inform its decisions about dialogue and exploration with target countries. We expect UNDP to begin similar assessments and welcome their participation in the development of templates and procedures for selection of target countries; however, posts should encourage other partner countries to join us in gathering and feeding information to the new unit as soon as they are able to in parallel with UNDP's development of its own assessment framework.

15. (SBU) Country Co-Chair: OECD Secretary General Gurria will chair the first Steering Group meeting of the PDG but the PDG terms of reference require that a co-chair be selected at the first Steering Group meeting. The U.S. feels strongly that the other co-chair of the Steering Group should be a partner government serving perhaps on an annual rotating basis. We believe that Chile would make an ideal first country co-chair for the Steering Group and posts should communicate this view to host governments and seek their opinions on this issue.

16. (SBU) Begin non-paper:

Non-Paper: PDG Governance Issues

This non-paper addresses two important issues that members of the PDG will need to decide in the coming months:

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(1) Standards for admitting new members into the Partnership, as outlined in the attached OECD note; and

(2) Principles that should guide the process for selecting countries for PDG-sponsored assistance.

Membership Standards: In accordance with the attached OECD note, all countries wishing to join the Partnership must subscribe to the PDG's Declaration of Principles and Objectives. The issue is whether this is both a necessary and sufficient condition for membership, or whether additional standards should be applied in considering the accession of new members prior to and after the January Steering Group members.

From the outset, the U.S. has understood the PDG to be a group of like-minded democracies. The U.S. therefore believes that the democratic character of countries applying for membership should be an important factor in admissions policy. At the same time, we recognize the inherent and practical difficulties of reaching agreement among all partners on an objective and credible set of democracy indicators and applying them consistently -- and in a compulsory manner -- to specific cases.

In consequence, it is the U.S. view that each member of the PDG should formulate some set of standards for evaluating applications for membership and, at its discretion, exercise its right to veto countries that do not meet these standards.

The U.S. believes the following democracy guidelines would be useful in evaluating membership requests to protect the 'like-minded' nature of the Partnership. The U.S. also believes that a coordinated set of guidelines among partners would minimize disagreements and the necessity of any partners to break consensus. We believe that all PDG members should base their membership decisions on similar standards.

-- A "free ranking" from Freedom House

-- A score of 50 percent or higher in the World Bank's Voice and Accountability Index

-- Practical experience in establishing legitimate, effective, and accountable democratic institutions that would help the PDG to achieve its objectives.

Eligibility Standards for Assistance: The United States has also conceived the principal, if not exclusive, aim of the PDG to be helping emerging democracies to improve their governance capacity and service delivery to their citizens. We recognize, of course, that the definition of emerging democracies should be sufficiently flexible to reflect the reality that democratic transitions are often protracted and incomplete, and that some fragile and post-conflict states need assistance in strengthening governing institutions, even if they are not yet exemplars of democratic practices, to successfully get on a democratic path.

Although there is agreement that governments of any country on the OECD DAC list of Official Development Assistance recipients can contact the PDG for advice or assistance, whether to approve such requests will require a recommendation from the Advisory Unit and a separate decision by the Steering Group under the rules of consensus. As with the case of membership, the United States does not seek formal agreement among PDG members on democratic guidelines for the assistance selection process. However, the U.S. will observe the following guidelines in making these decisions within the Steering Group and again believes that close coordination in partners' decision-making will be important for the success of the PDG. We, therefore, encourage other PDG Partners to adopt similar guidelines.

-- Countries seeking assistance from the PDG must be willing to accept stringent provisions for assuring accountability, auditing, monitoring, transparency and open citizen feedback  
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SUBJECT: STEERING GROUP NON-PAPER FOR THE PARTNERSHIP FOR DEMOCRATIC GOVERNANCE (PD

in the implementation of the PDG-sponsored projects, based on best practices developed by the Advisory Unit.

-- Applications for assistance should take into account a candidate's performance on Freedom House scores based on civil and political liberties and the World Bank's indicators of voice and accountability, government effectiveness, rule of law, and control of corruption.

-- There should be a strong presumption of denial, with exceptions made on a case-by-case basis, for requests for PDG services from any country that received a Freedom House ranking of "not free" and a score of under 50 percent in the World Bank's Voice and Accountability Index.

Conclusion: The United States believes that the approaches laid out above strike the right balance between two competing desiderata: preserving the flexibility of the Partnership to make politically sensitive decisions taking into account the special circumstances of individual cases, and maintaining the democratic character and purposes of the Partnership's membership and operations. In the spirit of partnership, the United States would welcome the views of our PDG partners on the guidelines set out above -- or others that might be usefully applied to our decision-making process in the PDG -- and hope we will be able to achieve consensus on a way

forward.

16. (SBU) Points of Contact: Comments on the non-paper should be provided directly via e-mail to EEB/EPPD Nancy Smith-Nissley (Smith-NissleyN(at)state.gov) and EEB/ODF Christine Harbaugh (HarbaughCM(at)state.gov) copying S/P members Dick Sokolsky (SokolskyRD@state.gov) and Jean Geran (GeranJM(at)state.gov).  
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